From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Thu, 2/11/2016 8:26:36 PM
Subject:	Daily Update

Quote of the Day

"Sometimes I lie awake at night, and ask, "where have I gone wrong?" Then a voice says to me, "this is going to take more than one night." - Charles M. Schulz

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Quote of the Day #2

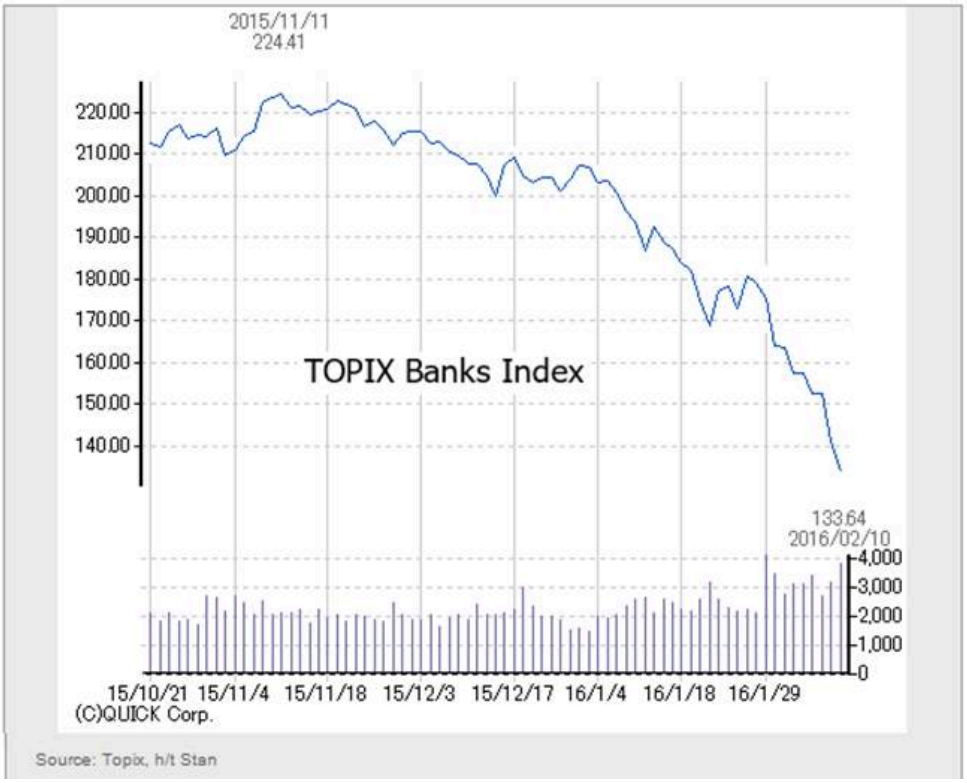
"The United States of America, right now, has the strongest, most durable economy in the world. I know that's still inconvenient for Republican stump speeches as their doom and despair tour plays in New Hampshire. I guess you cannot please everybody." – Barack H. Obama (5 February 2015)

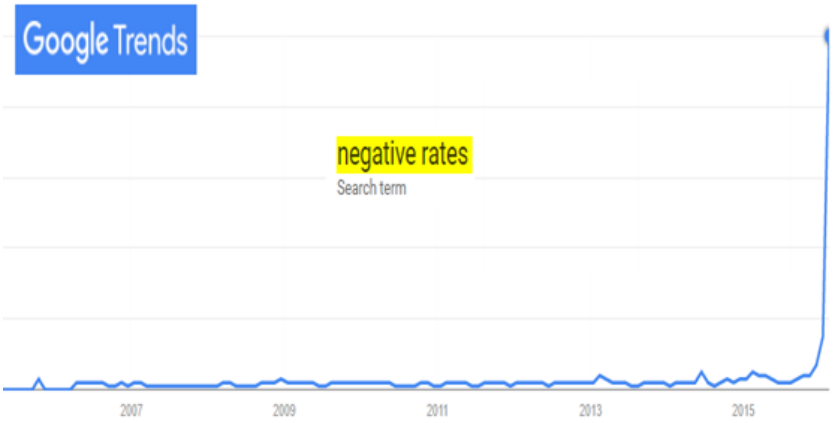
- "It's hard to imagine an uglier morning" (quote from JPMorgan research today). Yesterday risk markets tried to punch above their weight but eventually faded under the weight of a number of concerns vexing investors. The narrative was driven by Yellen who, apparently, was not dovish enough in her testimony… Europe and the markets in Asia that are open are down materially as are US futures this morning. The worry list has expanded dramatically this year. Items of note:
    - Negative interest rates – Banks can't make money in this environment. Unhealthy banks are bad for economic growth (btw, DB CDS is out another 50bps this morning…)
    - Banks – see above (btw, SocGen reported poor results this morning)
    - Economic growth – Is a recession is coming?
    - Policy – Dovish? Hawkish? Effective? Ineffective? (btw, the Swedes cut their deposit rate to negative 50bps overnight. Policy initiative or currency war?)
    - China – expanding? Contracting? Weak Yuan plicy? Strong Yuan policy? F/X reserves? Bank health? Who knows? (btw, everyone thought this week would be calm because the Chinese markets were closed for the New Year celebrations….)
    - US Dollar – getting hammered (btw, Gundlach called this…)
    - Rates – US 10 year is at 1.60%. European sovereigns (ex-PIIGS) are rallying too (btw, there is now over $6tr of sovereign paper that has negative yields! Did I say buy loans?....)
    - Gold – Fear trade on again? (btw, +$40 this morning and one year highs…)
    - Oil - $26.50 this morning……..
    - Sovereign-wealth funds – How much more liquidation is coming? (btw, there is a story this morning suggesting that they have another $700mm of European equities to go…)
    - Geo-political issues – What's the next hot issue to hit the tape?
    - Mutual funds / hedge funds – Who is going to hit the tape next (btw, Pershing Square is down ~18% year to date…)
    - US politics – Trump vs. Bernie?!?!?! Really?.....
- Data: Claims: 280k (vs. 269k exp). Retail sales tomorrow
- Credit: Loans are opening down ~3/8 this morning. We were weak yesterday ~1/4). Trading volumes are very light and the calendar cupboard seems to be bare. Most investors seem to be sitting on the sidelines. High yield sold off over 2 points yesterday. Three BWIC's have hit the market in the past 18 hours (only 30% of yesterday's auction traded)….Also, BWIC activity in the CLO space has recently increased dramatically too (capitulation coming?). In Europe this morning Crossover index (European high yield) is out 21bps while Main (European IG) is out 5bps on heavy flows.

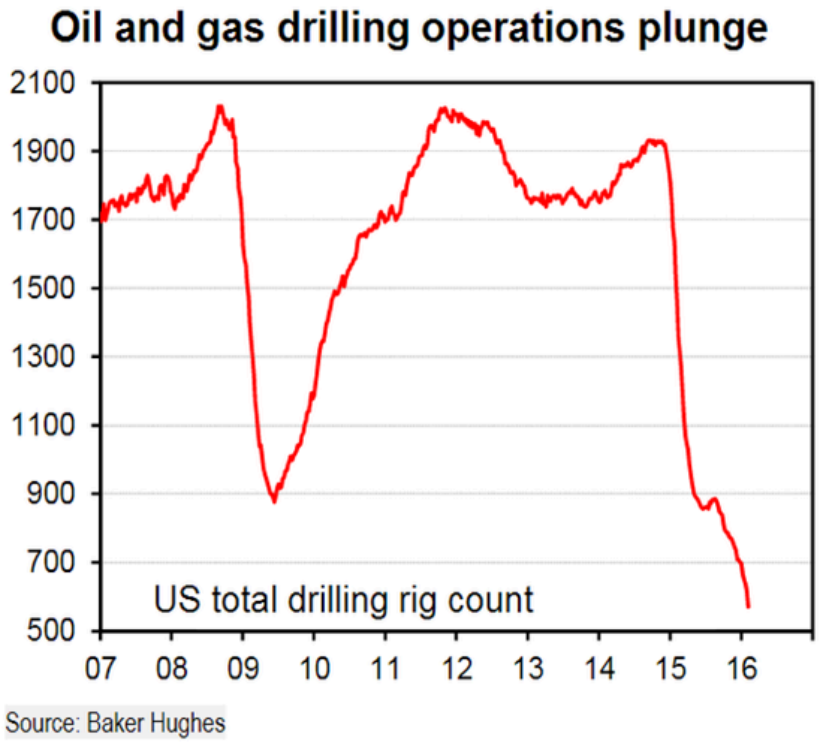
Goldman Sachs Equities of High Yield Issuers……..

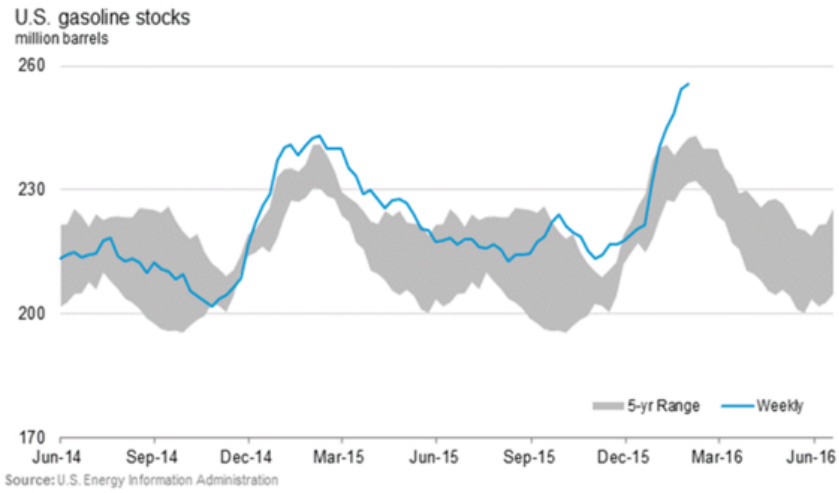
- Charts of the day:

Japanese Banks since announcement of NIRP

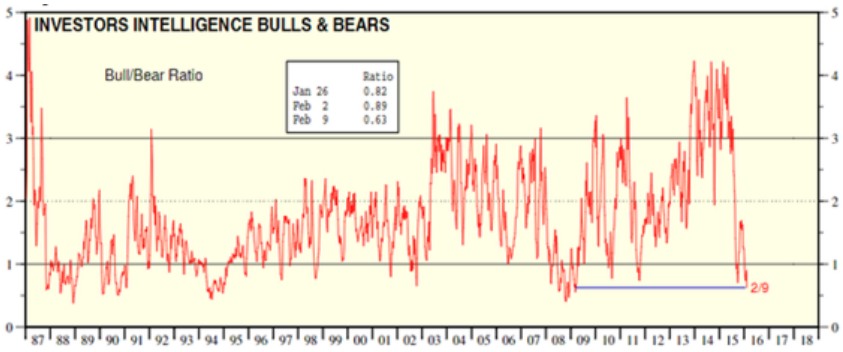

2015/11/11
224.41
220.00
210.00
200.00
190.00
180.00
170.00
160.00
150.00
140.00
TOPIX Banks Index
133.64
2016/02/10
4,000
3,000
2,000
1,000
0
15/10/21 15/11/4 15/11/18 15/12/3 15/12/17 16/1/4 16/1/18 16/1/29
(C)QUICK Corp.
Source: Topix, h/t Stan


Google Trends
negative rates
Search term
2007
2009
2011
2013
2015

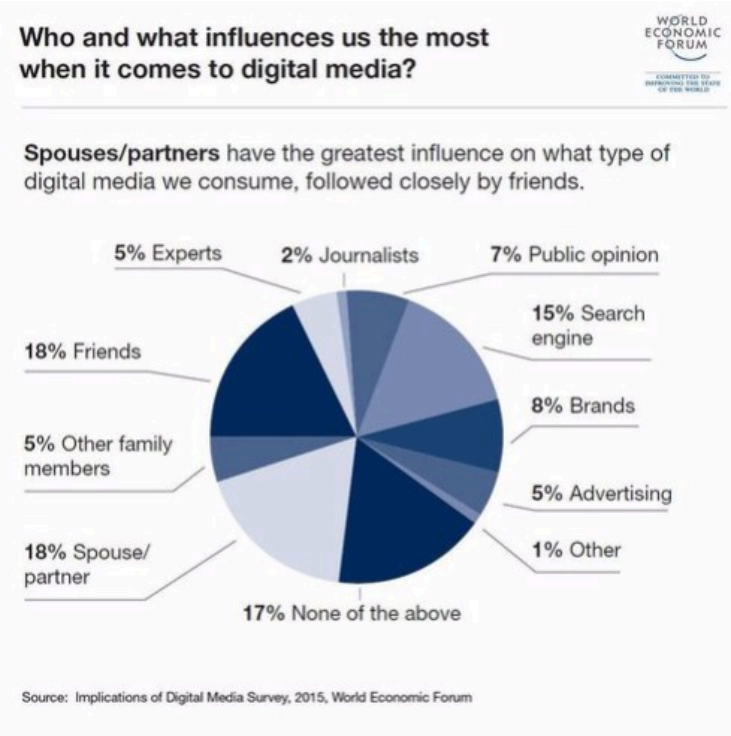




Bullish indicator?....



- Other:
  - Four more years? http://www.wsj.com/articles/nobody-likes-the-obama-economy-1455149629?mod=rss_opinion_main
  - The next sub prime? http://www.bloomberg.com/news/articles/2016-02-11/some-hedge-funds-want-to-make-subprime-auto-loans-next-big-short
  - True?


Who and what influences us the most when it comes to digital media?
WORLD ECONOMIC FORUM
Spouses/partners have the greatest influence on what type of digital media we consume, followed closely by friends.
5% Experts
2% Journalists
7% Public opinion
15% Search engine
8% Brands
5% Advertising
1% Other
17% None of the above
18% Spouse/ partner
5% Other family members
18% Friends
Source: Implications of Digital Media Survey, 2015, World Economic Forum

- HY: 96 1/8 (-7/8)
- IG: 125 11/16 (+4 3/8)
- CSLLI: -0.48% mtd / -1.20% ytd

Stan Sokolowski
Senior Portfolio Manager, Head of Portfolio Management and Trading
CIFC Asset Management LLC
250 Park Avenue, 4th Floor | New York, NY 10177
☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
✉ ssokolowski@cifc.com | www.cifc.com

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